Navamedic

# Q4 PRESENTATION

*Oslo, February 15 2017*

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# AGENDA

- Q4 highlights
- About Navamedic
- Commercial updates
- Group financials
- Outlook

# Q4 HIGHLIGHTS

- 24.8% revenue growth in Q4 2016, all time high revenues of NOK 81.6 million compared to NOK 65.4 million in Q4 2015
- EBITDA of NOK 5.7 million in the period (NOK -0.1 million in Q4 2015)
- Long-term collaboration with TopRidge Pharma Ltd. evolving as planned
  - Imdur® key revenue driver during Q4
  - Initiated distribution of Imdur® in the Netherlands, Estonia, Latvia and Lithuania
- Sippi® BLE (low-energy Bluetooth) with wireless communication capability produced and now in stock
- Successful initial launch of Re-5 in the Danish market, now deployed in six leading depression clinics
- Secured EU patent for use of silicone oil in urine handling systems

# Q4 FINANCIAL HIGHLIGHTS

| (NOK million) | 2016 Q4 | 2015 Q4* | YTD 2016 | YTD 2015* |
|---|---|---|---|---|
| Revenue | 81.6 | 65.4 | 274.3 | 248.3 |
| Gross profit | 22.6 | 15.5 | 70.0 | 60.9 |
| EBITDA | 5.7 | -0.1 | 8.0 | 8.8 |
| EBIT | 2.6 | -4.8 | -14.6 | -3.8 |
| Result before tax | 9.1 | -10.6 | -10.5 | -10.3 |

***Adjusted due to correction of error, see note 24 to the annual report for 2015.**

# About Navamedic

**A growth-oriented, risk-balanced Norwegian pharmaceutical company, marketing and distributing more than 80 healthcare and pharma products, as well as innovative medtech technologies**

## PHARMA & HEALTHCARE

Marketing and distribution of pharmaceuticals, non-prescription drugs and healthcare products

- Well-established market position and track record, main focus on Nordic region
- Strategic partnership and distribution agreements providing cash flow and margins
- Currently selling, marketing and distributing more than 80 pharma- and healthcare brands. Products are sold to hospitals, through pharmacies and directly to medical professionals.


## MEDTECH

Navamedic Medtech's vision is to develop and distribute innovative technology products that benefit patients and healthcare professionals

- Global potential for next generation digital urine measurement, the Sippi® product family
- Innovative, patented technology addressing a global market need
- Ongoing commercialisation with multiple future revenue streams and significant annual long-term revenue opportunity



Navamedic

# PHARMA & HEALTHCARE COMMERCIAL UPDATE

- Segment revenues of NOK 81.5 million in the quarter (NOK 65.4 million in Q3 2015), a 24.8% growth from Q4 2015
- Continued growth in the Nordic markets, driven by new products in 2016 and transfer of Imdur®.
  - Local Nordic sales revenues grew by 37.0% compared to Q4 2015
- Distribution of Imdur® initiated in the Netherlands, Estonia, Latvia and Lithuania
- Quarterly gross margin up to 27.8%, from 23.7% in Q4 2015, attributed to changes in the product mix
- Continued activities for portfolio of new products added in 2016, including *Imdur®, Nitrolingual®* and *Woulgan®.* All introductions progressing according to plan
- Focus on developing new and additional strategic partnerships and exploring new products and markets

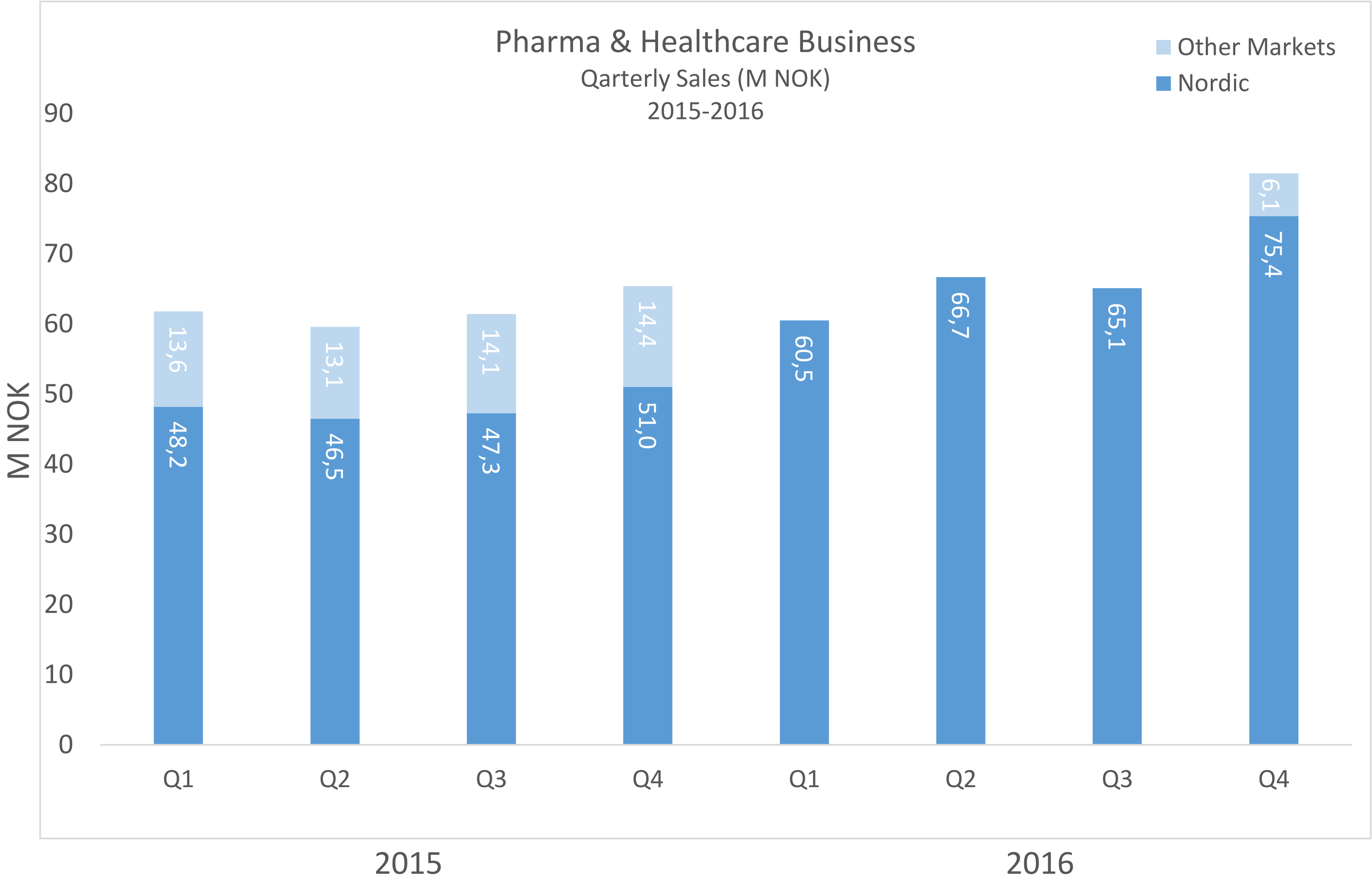
# PHARMA & HEALTHCARE FINANCIALS

| (NOK million) | Q4 2016 | Q4 2015* | YTD 2016 | YTD 2015* |
|---|---|---|---|---|
| Revenue | 81.5 | 65.3 | 273.8 | 248.2 |
| Gross profit | 22.6 | 15.5 | 70.0 | 60.8 |
| Gross margin | 27.8% | 23.7% | 25.6% | 24.5% |
| EBITDA | 8.9 | 2.6 | 18.0 | 15.1 |
| EBITDA margin | 11.0% | 4.0% | 6.6% | 6.1% |

*Adjusted due to correction of error, see note 24 to the annual report for 2015.

# PHARMA & HEALTHCARE COMMERCIAL UPDATE

- Pharma & Healthcare sales revenue growth 10,3% in 2016 compared to 2015
- Strong performance in the Nordic region with a growth of 38% in 2016 compared to 2015
- Growth driven by Imdur®, new launches and growth in prioritised brands



# PHARMA & HEALTHCARE COMMERCIAL UPDATE

**Active growth strategy: driving organic growth in existing portfolio coupled with strategic inflow of new products and partnerships**

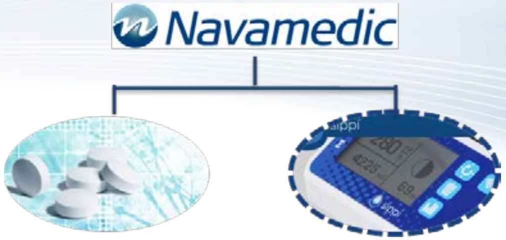
- **Select portfolio performance Q4 2016:**
  - *Imdur®* off to a strong start, sales of NOK 21 million in the quarter, becoming Navamedic's biggest single product. Distribution expanded to the Netherlands, Estonia, Latvia and Lithuania
  - *Uracyst®* continued strong growth with 29% revenue growth compared to Q4 2015
  - *NYDA®* growing sales revenues by 15% in the quarter, compared to Q4 2015
  - *Medical Nutrition* portfolio saw 19% revenue growth, compared to Q4 2015
- **New launches on plan**
  - Nitrolingual® – overachieved it's full year sales estimate significantly
  - Woulgan® - sales picking up following initiation at several specialist sites. Continued to receive positive clinical real-life evaluations

# MEDTECH: THE SIPPI® PORTFOLIO

**The Sippi® portfolio is a family of innovative products with global market potential. Multiple products, multiple potential revenue streams:**

- **Sippi®: digital urine measurement**
  - First available solution for fully digitalized fluid balance measurement
- **Sippcoat™: biofilm prevention**
  - Patented technology preventing the build-up of biofilm in the Sippi® system
- **Sippbag™: allowing use of Sippi® in various care situations**
  - Follows the patient in all clinical settings with no need for disconnection
- **Sipplink™: innovative communication tool**
  - Wireless connectivity and data transfer to the most common Patient Data Monitoring Systems (PDMS) on the market under development

# MEDTECH COMMERCIAL UPDATE




## Ongoing commercialisation:

- Continued development and commercialisation activities in the quarter
- New milestones reached in the quarter:
  - First batch of Sippi® with built-in Bluetooth for connectivity to electronic patient journal systems produced and in stock
  - *After the closing of the quarter:*
    - First patent securing use of silicone oil in urine handling systems approved in the EU

| (NOK million) | Q4 2016 | Q4 2015 |
|---|---|---|
| Revenue | 0.15 | 0 |
| EBITDA | -3.2 | -2,7 |

# BALANCE SHEET

| (NOK million) | 2016 | 2015* |
|---|---|---|
| Non-current assets | 133.7 | 161.0 |
| Current assets | 157.9 | 114.6 |
| -of which is cash and cash equivalents | 26.9 | 12.3 |
| Equity | 105.5 | 118.3 |
| Long term liabilities | 38.6 | 60.7 |
| Short term liabilities | 147.6 | 96.6 |
| Total balance | 291.6 | 275.6 |
| Equity ratio (%) | 36.1 | 42.9 |

*Adjusted due to correction of error, see note 24 to the annual report for 2015.

# CASH FLOW STATEMENT

| (NOK million) | Q4 2016 | Q4 2015* |
|---|---|---|
| Profit (loss) before tax | 9.1 | -10.6 |
| Net cash from operations | -7.0 | -1.9 |
| Net cash from investments | -0.4 | 0.2 |
| Net cash from financing | 3.2 | 1.8 |
| Net currency effects | 0.6 | 1.3 |
| Net change in cash during period | -4.7 | 1.4 |
| Cash at end of period | 26.9 | 12.3 |

*Adjusted due to correction of error, see note 24 to the annual report for 2015.

# OUTLOOK

- Positioning company to build a stronger and more profitable future business, drives necessary transformative actions and activities in current operations
- Target to increase the portion of proprietary products and brands combined with active strategy to widen distribution business and portfolio with potential acquisitions and attractive partnerships
- Initiated partnership with TopRidge Pharma in 2016 represents exciting growth opportunity for Navamedic. Distribution of Imdur® has commenced in nine European markets and additional opportunities for 2017 under evaluation
- Aspen contract for Nordic markets set to expire 30 June 2017, expecting short-term EBITDA pressure
- Navamedic committed to executing on strategy of ongoing commercialisation and continued development of the Sippi® product family, creating multiple revenue streams
    - First batch of wireless Sippi® units produced in Q4 and EU patent granted for Sippcoat™ technology
    - The company is engaged in development of software links to relevant Patient Data Monitoring Systems (PDMS), ensuring full automation and digitalization of urine volume monitoring. Significant long-term revenue potential for Sippi®, above NOK 250 million annually
    - Preparing for introduction in the U.S. market in late 2017 and evaluating joint effort with TopRidge Pharma for Chinese market entry

# Welcome back after a short break

First Quarter 2017 Presentation

10 May 2017